TAX FOUNDATION
OF HAWAII
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July 14, 2022 (ver. 2)

2022 Administration Proposals			
Dept./No.	**Description**	**Senate**	**House**
[AGS-07]	Tasks the state procurement office with implementing an automated procurement system and fee for each procurement to pay for it. *Eff. 7/1/2022.* **Act 176.**	SB 3040 CD 1	~~HB 2072~~
[BED-10]	Expands funding sources and authorized uses of the Hawaii Film and Creative Industries Development Special Fund. *Eff. 7/1/2022.* **Act 193.**	SB 3054 CD 1	~~HB 2086 HD 1~~
[BED-13]	Allows property owners to finance qualified improvements through a non-ad valorem property assessment. *Eff. upon approval.* **Act 183.**	~~SB 3056~~	HB 2088 SD 2
[CCA-01]	Earmarks $2M of franchise tax to feed compliance resolution fund before tax credits are realized. *Eff. upon approval.* **Act 72.**	SB 3075 CD 1-	~~HB 2107 HD 1~~
[HTH-25]	Increases vehicle registration fee to fund accessible parking special account. *Eff 1/1/2023.* **Act 161.**	SB 3121 CD 1	~~HB 2153~~
[TAX-01]	Conforms Hawaii income and estate and generation-skipping transfer tax laws. Retroactively adopts tax-favored withdrawals from retirement plans under CARES Act sec. 2202(a) to TYBA 12/31/2019. *Eff. TYBA 12/31/2021 or to EGSTT transfers after 12/31/2021.* **Act 7.**	SB 3143	~~HB 2175~~
[TAX-05]	Allows DoTax to apply to convert tax liens to civil judgments if 365 days elapse from the date of recording with no response or action by the taxpayer. *Eff. upon approval.* **Act 78.**	~~SB 3147~~	HB 2179 SD 1

Legislative Tax Proposals				
Tax	**Bill No.**	**Description**	**Status**	**Companion**
Administration and Appeals				
	SB 2379 CD 1	Allows the Special Enforcement Section to examine any sector of Hawaii's economy, initiate civil investigations, and refer and recommend cases or examinations of segments of the economy to the Office Audit and Field Audit branches of the Department of Taxation for auditing. *Eff. upon approval*	Act 79	~~HB 1494 HD 1~~
Income				
	HB 2510 CD 1	Bill to raise minimum wage. Makes the earned income tax credit refundable and permanent. Credit e*ff. TYBA 12/31/2022*	Act 114	
	SB 514 CD 1	Provides a tax refund to the taxpayers of the State ($300 per exemption for those making less than $100K per person or $200K per couple, $100 per exemption otherwise). Makes a $500M deposit to the emergency and budget reserve fund and $300M to the pension accumulation fund pursuant to article VII, section 6, of the Hawaii Constitution. *Eff. 7/1/2022, credits apply for 2021.*	Act 115	

	SB 2478 CD 1	Reinstates the renewable fuels production tax credit. Credit amount is 20¢ / 76K BTU. Taxpayer must produce at least 2.5B BTU per taxable year. Credit shall not exceed $3.5M. Fuels only eligible if lifecycle emissions are below those of fossil fuels. Requires statement to Hawaii state energy office NLT 30 days after close of year. HSEO will certify credit claim subject to audit by DOTAX. *Eff. TYBA 12/31/2021*	Act 216	~~HB 2002 HD 1~~
	SB 2511 CD 1	~~Expands the renewable energy technologies income tax credit to include firm renewable energy systems. Caps the total amount of tax credits for each firm renewable energy system at $750,000. *Eff. 7/1/2050 for TYBA 12/31/2021*~~	VETO	~~HB 2003~~
	SB 2752 CD 1	Requires filling and sealing abandoned wells on real property. No tax credit is provided. *Eff. upon approval*	Act 213	
General Excise/Use				
	HB 2466 SD 1	~~Exempts the gross proceeds or income received from the sale of any product resulting from the cultivation and production of unprocessed taro in the State from the general excise tax. *Eff. upon approval, sunsets 6/30/2027*~~	VETO	
	SB 2303	Allows taxpayers with annual GET liability of $100 or less to skip periodic returns. *Eff. TYBA 12/31/2022*	Act 8	
	SB 2475 CD 1	Clarifies that amounts received or accrued for stevedoring services, wharfage, and demurrage services are exempt under the general excise tax law. *Eff. upon approval*	Act 80	~~HB 1627~~
	SB 3201 CD 1	~~Aligns the GET exemption for unrelated trade or business activities of nonprofit organizations with the federal UBIT definition. *Eff. 1/1/2023, sunsets 12/31/2027*~~	VETO	~~HB 1960 HD 1~~
Transient Accommodations				
	HB 2049 SD 1	Amends or repeals various provisions of the Hawaii Revised Statutes or the Session Laws of Hawaii for the purposes of correcting errors and references, clarifying language, or deleting obsolete or unnecessary provisions. *Eff. Upon Approval*	Act 109	SB 3309
Liquor				
	HB 137 CD 1	Provides that violations of liquor tax law shall be referred to the director of taxation for investigation. Repeals the general right of inspection without a warrant for potential violations of liquor tax law. Repeals the discretionary power of the liquor commission to deny a license to any person the commission finds is not fit and proper to hold a license. *Eff. 1/1/2023.*	Act 76	
Tobacco				
	SB 2376 SD 1	Repeals and eliminates the deferred payment purchase option for cigarette tax stamps. Requires licensees to pay for stamps at the time of purchase using cash, certified check, or bank transfer. *Eff. 1/1/2023*	Act 15	~~HB 1491 HD 1~~

Motor Vehicle				
	HB 1688 CD 1	Subjects U-drive motor vehicles to the same motor vehicle registration fees as other motor vehicles. *Eff. 1/1/2023*	Act 298	~~SB 2572~~
Rental Motor Vehicle Surcharge				
	HB 1971 CD 1	Authorizes peer-to-peer car-sharing and establishes regulations thereof. Imposes the car-sharing surcharge tax on peer-to-peer car-sharing programs. *Eff. 7/1/2022*	Act 77	~~SB 3271~~
Unemployment				
	HB 2471 SD 2	Provides that "adequate reserve fund" for SUI purposes excludes benefit cost rate from 6/2020 - 8/2021. Effective through 2030. *Eff. 12/25/2040*	Act 281	Similar to ~~SB 3128 (LBR-04)~~
Multiple Tax Types				
	HB 1982 CD 1	**[Income, General Excise]** Beginning 1/1/2023, requires every person making payment to a loan-out company and claiming the motion picture, digital media, and film production income tax credit to withhold and remit to DOTAX 4% / 4.5% of all payments to the loan-out company; increases the amount of the tax credit to 22% Oahu / 27% NI; amends the requirements to claim the tax credit, including reducing the minimum qualified production costs to $100,000; requires a production to (1) be compliant with all applicable requirements under title 14, including tax return filing and payments; and (2) provide complete responses to the department of taxation's inquiries and document requests, in the form prescribed by the department, no later than ninety days from the inquiry or request, upon pain of forfeiture of the credit; removes the requirement for productions to submit a verification review by a qualified certified public accountant when applying for the tax credit; requires the report by DBEDT to include the dollar amount claimed, name of the company, and name of the qualified production of the taxpayer; changes the time frame for DBEDT to issue a letter to the taxpayer claiming the tax credit; increases the cap of the claimable amount of the tax credit; requires taxpayers to submit a fee to DBEDT; and clarifies the definition of "qualified production costs". Extends the period during which excess income tax credits may be claimed to 12/31/2032. *Eff. 7/1/2022, tax sections eff. 1/1/2023*	Act 217	~~SB 2079 SD 1~~
Miscellaneous				
	HB 2511 CD 1	Appropriates $600 million to DHHL. Funds lapse on 6/30/2025. *Eff. upon approval*	Act 279	~~SB 3359 SD 2~~
	SB 3289 CD 1	Hawaii Retirement Savings Program established for private sector employees. Authorizes a state match of $500 for the first 50,000 participants who opt in to the program and participate for 12 consecutive months. *Eff. upon approval*	Act 296	~~HB 2046~~